

PROPOSED EXPANSION OF TPT ON SERVICES

Examples of services we already tax:

- Tickets to movies, concerts, plays, sporting events, arcade games, golf greens fees
- Utilities like telephone and electricity (taxed in almost all states)
- Prime contracting (65% of total contract)
- Transportation of persons intrastate

Examples of services that are proposed to be added to the tax rolls

- Personal services (barber, beauty, nails, dry cleaning, pet grooming, parking fees)
- Business services (security, waste management, cleaning)
- Education services (dance, exam prep, driving schools, aerobics, karate)
- Repair and maintenance services
- Sale of warranty or service contracts
- Lottery tickets

Examples of services that are proposed to remain exempt

- Health care and social assistance services (physicians, dentists, optometrists, chiropractors, mental health practitioners, physical therapists, home health services, podiatrists, laboratory services, home health services.
- Wholesale trade
- Sales of stocks and bonds
- Prescription drugs and medical oxygen
- Eyeglasses, insulin and supplies, prosthetics, hearing aids and durable medical equipment

Service taxation in nearby states (according to a survey by the federation of tax administrators)

- Washington, New Mexico and Hawaii have broad-based service taxes that tax nearly all services (158, 158 and 160 out of a possible 168 respectively)
- Utah and Arizona tax nearly the same number of services (58 and 55 respectively)
- Arkansas, Kansas, Nebraska and Mississippi tax over 70 services.

As our state and national economy switch to a more service based model in the 21st Century, more and more states will be forced to include more and more services to maintain tax equity and maintain their tax bases going forward. Keeping tax rates low decrease the economic impact of taxes generally and keeps us closer to the ideal of a widely distributed low impact tax format that avoids impacting economic decisions and artificially favoring some enterprises and forms of doing business over others.